



MTS

2002 *green report*

a report on MTS's Environmental Commitment,
Performance, Initiatives and Programs

Company Profile

MTS is Manitoba's preeminent, full-service telecommunications company. Seamlessly blending innovative solutions and world-class technology, MTS connects its customers to the world. MTS owns 40% of Bell West in partnership with Bell Canada, which owns 60%. Bell West delivers leading edge telecommunications services, including next generation IP broadband services, to businesses in Alberta and British Columbia. Qunara Inc., MTS's eCommerce, eBusiness and Internet Data Centre subsidiary, provides business solutions across North America. MTS's common shares are listed on The Toronto Stock Exchange (trading symbol: MBT). Its Web site is located at mts.ca.



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Environmental Commitment

Environmental management is an integral part of an organization's approach to managing its operations, providing the framework to balance and integrate the economic interests of an organization and our society with environmental interests.

MTS has a long standing and continuously updated environmental management system to function as a guide for environmental stewardship and compliance. MTS's Environmental Management System ("EMS") reflects the vital importance that MTS places on the protection of the environment and conservation of natural resources. The objectives of MTS's EMS are based on international standards for environmental management systems.

This EMS functions as both an operational manual and as a reference guide for environmental compliance and management for all employees of MTS. It is comprised of several components which specify the organizational structure, responsibilities, practices, procedures and resources used in implementing MTS's Environmental Policy.

Environmental Performance

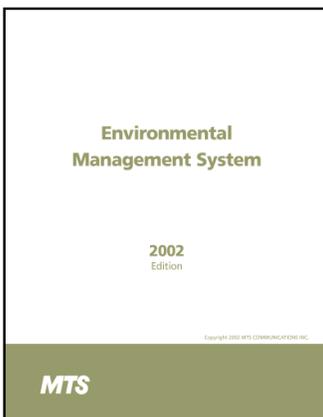
2002 Environmental Review

Consistent with its commitment to the environment and principles of sustainable development, MTS conducts an annual environmental review to monitor procedures for compliance with environmental laws, regulations, licenses, approvals, registrations and MTS's EMS.

What we found

Overall, the 2002 review confirmed compliance by MTS with Federal, Provincial, Municipal legislation and MTS's EMS.

This report is provided to MTS's Management Committee, MTS's Internal Audit Committee, and the Board of Directors.





Environmental Policy

Policy Statement

MTS is committed to conducting its business in a manner which reflects concern for the environment and supports the principles of sustainable development.

Goals

Procedures & Guidelines

- > To develop and implement procedures and guidelines for the Environmental Policy.
- > To comply with applicable laws and regulations regarding the environment and sustainable development.

Communication and Education

- > To encourage and foster environmentally sensitive attitudes among employees through communication, education and community involvement.
- > To provide an annual report to the Executive and to the Board of Directors on environmental matters affecting MTS.
- > To provide reports to the Executive and to the Board of Directors on environmental matters affecting MTS, whenever the Board has to make decisions.

Waste Management

- > To set objectives and seek out measures within all operational groups which demonstrate commitment to sound environmental practices, which minimize the creation of waste, and which maximize the principles of reduce, re-use and recycle within MTS.
- > To dispose of waste in an environmentally sound manner.

Chemical Control and Emergency Procedures

- > To identify and inventory substances used in MTS and substitute, wherever practical and reasonable, environmentally friendly substances.
- > To develop and monitor environmental emergency procedures and train appropriate staff for emergency situations.

Environmental Initiatives

- > To encourage innovative technology, products and services that contribute to preservation of the environment or minimize negative environmental impact.

Environmental Audits

- > To monitor procedures for compliance with applicable environmental laws and regulations.

Report on 2002 Environmental Initiatives

1 Facility Energy Auditing and Baseline Consumption Modeling

In 2002, MTS Management endorsed MTS's 2002-2005 Energy Management Program. As a first step MTS gathered energy consumption readings from 508 provincial sites. The data will be used to identify equipment and facility consumption patterns. This baseline consumption auditing will assist in preparing a strategy for reducing energy and fuel consumption.

2 Chiller Decommissioning

An identified initiative for 2002 was the decommissioning of the chiller* unit at 166 Portage Ave. East. The removal resulted in both financial and environmental benefits for MTS.

By removing the chiller the following environmental benefits were realized:

The electrical load to the building was reduced.

Domestic water usage for the cooling tower was eliminated.

No chemicals required for water treatment.

Resulting in an annual saving on energy costs.

A lower Ozone Depleting Potential (ODP) and a lower Global Warming Potential (GWP).

**mechanical air conditioner using water as the primary cooling medium.*

3 Electronic Chemical Management Program

In 2002, MTS successfully placed all material safety data sheets (MSDS) on an internal intranet. The process eliminated the need for paper copies for 300 controlled products and ensures all MSDS's are up to date and available.

With the technology improvements for remote access to the internet, technicians in remote sites and locations with cellular access can access chemical safety information.

LPS

LPS LABORATORIES

WHMIS
WORKPLACE HAZARDOUS MATERIAL INFORMATION SYSTEM

Section 1 - Product Identification and Use

Manufacturer's Name: LPS Laboratories	Product Identifier: LPS 1 Greaseless Lubricant
Address (Number Street): 4647 Hugh Howell Road	Product Use: Lubricant
Address (City, Province, Postal Code): Tuscar, GA 30055-5052 C00105, C00155	Part Numbers: C30118, C00122, C01128.
Telephone Number: 770-934-7800	Packaging: Aerosol (312 grams), 591 milliliter, 3.78 liter, 18.93 liter and 208 liter containers
Emergency Telephone Number: 1-613-996-6666 CANUTEC	WHMIS Classification: Aerosol: Class A, Class B Div. 5, Class D Div. 2B Bulk: Class B Div. 3, Class D Div. 2B

1 of 3 17.67 x 22.92 in 8:09 AM

ENGINE OFF



Save \$ and Spare Our Air

4 Automotive Services Initiatives to Improve Efficiency

Fleet Services, as part of its commitment to the MTS Energy Management Program, implemented the second of two energy initiatives, "Driving Fuel Efficiently" in November 2002. This initiative will address the issue of vehicle idling.

The purpose of the initiative is to elevate the awareness of how driving habits, specifically how vehicle idling affects our health, air quality and climate, and to provide useful tips, information and education on vehicle idling.

MTS Fleet Services plans to achieve a 2 to 4% efficiency gain in fuel consumption in 2003.



Environmental Program Reports

3 R's Programs

Consistent with the MTS's Environmental Management System, many MTS departments seek out sound environmental practices which minimize the creation of waste, and maximize the principles of reduce, re-use and recycle within MTS.

Reduce Report

Supply Services On-line Ordering Program

In 2001, MTS entered into a purchase agreement with our office supplier and paper suppliers to allow electronic purchases of supplies. The initiative proved successful as departments moved from a traditional paper order, tender and invoice format to electronic transactions*. Each transaction can reduce up to 10 paper copies for every transaction. In addition MTS received a price reduction of 1% with on-line purchasing.

Increasing on-line ordering results in faster and more efficient ordering, distribution and billing compared to phone, fax or walk-in orders.

Number of on-line orders	2002	2001
Paper Supplier	1048	79
Office Supplier	2598	1422

**on-line purchasing saved an estimated 36,460 pieces of paper.*

Recycle Report

Automotive Services

Automotive Fleet Services provides engine services for 154 diesel sites and 845 vehicles in Manitoba. MTS uses diesel generators to provide back-up standby power at 85 sites, and continuous power to sites in remote locations. Automotive Services implemented a comprehensive recycling program to handle waste products generated from engine service.

1730 McGillivray Blvd. is the headquarters for Automotive Services, Winnipeg construction offices and the cable yard.



Automotive Services cont'd

Material	Quantity 2002	Quantity 2001	Quantity 2000
Tires	105	600	580
Batteries	144	90	67
Oil (litres)	9500	8300	9020
Crushed Filters (drums)	3	2.75	2
Plastics (kg)	240	283	174
Antifreeze (litres)	1640	615	615

**quantities of recycled material may vary each year due to number of vehicles in service.*

Supply Services

The Investment Recovery Department of Supply Services collects and categorizes used, obsolete, out of service equipment and associated material from the field for reuse, or appropriate disposal. Materials destined for the landfill are diverted to recyclers and companies which can recycle the product.

Material (kg)	Quantity 2002	Quantity 2001	Quantity 2000
Lead [†]	8616	24770	19100
Wire	12918	11280	10090
Cable	37904	74860	66000
Aluminum	1427	4046	435
Steel & Metal	103205	147900	167200
Nickel ^{††}	471	230	

**quantities may fluctuate due to decommissioning of sites and scheduled replacement of equipment.*

In 2002, 72,255 Kg of lead acid batteries were recycled through a concentrated effort to change over batteries. Lead acid batteries are used to provide emergency power at MTS sites in the event of a power failure.

Cable reels, cable ends and cables removed from service can all be recycled.



[†] lead closures and wire
^{††} Cadmium and metal halide batteries

Office Paper Program

An office paper program is effective when both recycling and reduction programs are used to divert paper from the landfill. The MTS office paper-recycling program collects and recycles all clean paper products including newspapers, magazines, envelopes, and common office paper.

Material (metric tonnes)	Quantity 2002	Quantity 2001	Quantity 2000
Total paper, collected and recycled	70.1	37.4	43.9

Reuse Report

Remanufactured Toner Cartridges

Like most office environments, toner cartridges are used to produce quality prints on office printers. Laser printer cartridges provide high quality prints with minimum problems and breakdowns.

90% of the toner cartridge is recyclable. Use of recycled cartridges saves resources, energy, reduces landfill volume, and supports employment in Manitoba.

In addition, recycled toner cartridges are cost efficient with savings of 11% to 80% per unit depending on cartridges.

In 2002, MTS Supply Services ran a company-wide awareness program to advertise the financial and environmental benefits of purchasing remanufactured toner cartridges.

MTS departments responded positively to the initiative increasing remanufactured toner purchases from 40% to 73%, resulting in savings of \$25,200 in 2002.

Material	Quantity 2002	Quantity 2001
Remanufactured Cartridges Purchased	850	490
Material Diverted from Landfill (kg)	1148	662

** Based on an estimated weight of 1.35 Kg per Cartridge*



New life for equipment

MTS continues to refurbish telephone sets for reuse back into the consumer marketplace. Telephone handsets are disassembled, cleaned, painted, and tested at our Supply Services Repair Center at 1300 Ellice Ave. Although the numbers have decreased over the years due to technology changes, a significant number of sets are reused.

Computers for Schools

Computers for School is a national program that provides refurbished computers to schools across the country. MTS has supported the Computer for Schools programs since its inception in 1993.

	2002	2001
Telephone sets refurbished	60504	52663
Computers for Schools Program	317	60

Used computers are repaired, cleaned and programmed for the Computers for Schools at the MTS Volunteer workshop.



Energy Conservation

and Reducing Greenhouse Gases Initiatives

1 MTS participation with the City of Winnipeg ECOPASS bus pass initiative.

Winnipeg Transit and Manitoba Telecom Services offered MTS Winnipeg employees a 30% price reduction on the cost of Adult Monthly Bus passes. The “Ecopass” employer-subsidized bus pass program is a new pilot project aimed at increasing transit ridership, and helping to protect our environment.

The program was initiated in May 2002, and recent survey results indicate the number of Transit users among MTS employees has increased by 20%, and the number of auto users has decreased by 5%. (40 fewer cars driven per day.) The decrease in auto travel equals approximately 318,000 kilometers per year, or 40 fewer tonnes of carbon monoxide emitted per year.

2 Energy Innovators Program

This energy management program focuses on reducing energy consumption and greenhouse gases throughout MTS operations. The Kyoto Protocol 2010 target for greenhouse gases is a nationwide reduction of 6% from 1990 levels. In June 2002, the Premier of Manitoba announced Manitoba’s intention to exceed the Kyoto Protocol reduction target, and achieve an 18% reduction from 1990 levels.

In 2002, as part of the Energy Management Program MTS Property Services completed a number of projects to assist MTS’s contribution to the reduction of Greenhouse gases.

Project	Reduction in Volume of Fuel	Greenhouse Gas Reduction
Sherbrook Annex natural gas boiler was replaced with electric heat upgrade	4352 cubic metres	8.4 tonnes of CO ₂
6 sites in Northern Manitoba replaced oil furnaces with electric heat	72010 litres	193 tonnes of CO ₂





Year	Natural Gas use cubic feet per year
2002	326120
2001	313356
2000	287857
1999	472286

** Fluctuations are dependent on climate, number of buildings in use and efficiency programs.*

The majority of buildings operated by MTS are heated with gas or electric service. Energy savings are gained by implementing temperature control practices including set back thermostats, the cycling of building fans, weather stripping doors, window improvements and the replacement of dated, gas fired boilers with electric heating systems in existing buildings.

3 Ozone Depleting Substances

In 2002, MTS decommissioned the chiller at 166 Portage Ave East. The decommissioning reclaimed 700 pounds of CFC-11 refrigerant. Smaller units using HCFC-22 refrigerant now provide air conditioning. The HCFC-22 has a 20% less impact on the ozone layer, and a lower contributing factor to global warming.

Refrigerating Substance	Global Warming Potential (GWP)	Ozone Depleting Potential (ODP)
CFC-11	0.34	1.00
HCFC-22	0.098	0.05

The GWP and ODP are indications of how much damage a particular chemical may do to the upper atmosphere. The higher the number, the greater the impact a substance has on destroying ozone or contributing to global warming.

Technology and Services

The telecom industry provides technology, such as videoconferencing, which can have a positive impact on the environment. Listed are some of the technologies and practices MTS uses to minimize impacts on the environment.

1 Teleconferencing and Videoconferencing

Teleconferencing and Videoconferencing are increasingly becoming an important business tool. These services reduce the need for travel, and the associated impact on the environment.

Conferences in 2002	Totals 2002 Conferences	Totals 2001 Conferences
Videoconferences	315	320
Teleconferences	12893	11420
Total	13208	11740

2 Telephone Directory (Alternative technology)

The Manitoba consumer still requests a paper copy of both the yellow pages and white page directory. MTS Media Inc. has introduced two electronic services that may, in the future, reduce the total number of paper directories.

A CD version of the "Fast finder" directory and an online directory service listed on the internet sites myWinnipeg.com and myManitoba.com are alternatives to the conventional paper directory.

In Manitoba, residential paper directories are collected through the blue box programs administered through the local municipalities. MTS continues to collect directories from Winnipeg businesses which do not participate in the blue box program.

Year	Total Weight of directories collected (tonnes)
2001	298
2002	355



3 MTS's Service Improvement to the North.

In 2002, MTS extended the Fiber Optic Transmission Service Project connecting Gillam to Churchill. The project is designed to provide a new digital transmission facility to replace the remaining analogue radio system, and extend digital service to Churchill. In addition to the overall benefit for improved telephone and internet service to northern communities, the technology has allowed MTS to reduce environmental risks.

Fiber optic technology has allowed MTS to replace existing buildings with smaller more efficient buildings saving energy and fuel. The site at Thibideau along the fiber line will be decommissioned in 2004, eliminating one diesel fuel powered site. The site at Back will be equipped with a new fuel efficient diesel generator and the existing fuel tank will be replaced with a state of the art secondary containment fuel storage tank. The project is scheduled to be completed in 2004.



*Construction crews
installing fiber cable
January 2002 near
Leslie Creek*



MTS Volunteers *(formerly MTS Pioneers)*



1 Aluminum Can Recycling

The MTS Volunteers operate the aluminum collection operations at all MTS offices and work-centers. The aluminum collected is taken to a recycle dealer and exchanged for cash. The cash is then allocated for community projects.

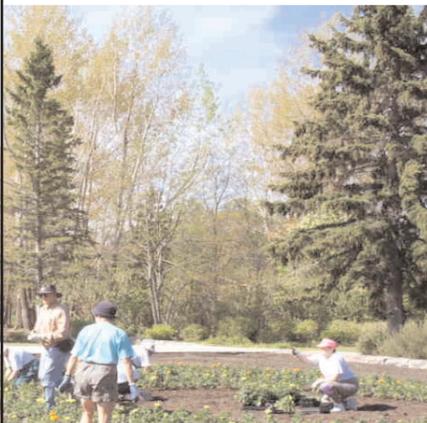
In 2001, 4585 pounds of aluminum were recycled. The funds from the aluminum collection operations were contributed to the Early Literacy – Home Reading Program. This project provides students from Kindergarten to Grade Three with opportunities to become successful readers.

In 2002, 4452 pounds of aluminum were recycled. The aluminum collection operations contributed funds to the Computer for Schools Project. Computers for Schools provides computers to schools so students can acquire the computer skills to succeed in a technology driven economy and society.

2 International Peace Gardens Project

2002 was the second phase of the MTS Volunteers project with Telephone Pioneers from North Dakota and Saskatchewan. Pioneers from Qwest, Sasktel and MTS have created a legacy at the International Peace Gardens by completing a playground structure, and painting two playground maps – one of Canada and one of the US – at the front entrance to the gardens. Site improvements included tearing down an old amphitheater, painting buildings, and planting 50,000 flowers.

These grassroots projects benefit the Pioneers, the community, MTS, and the environment.



Initiatives for 2003

MTS targets 15% reduction in paper consumption – Recycling is important, but conservation is better!

In 2003, the MTS Executive issued a challenge to employees to participate in a company-wide project to reduce paper consumption by 15% over the year. This will result in savings of about \$75,000 annually, and help preserve our environment.

Energy Management Program Initiatives

MTS plans to upgrade the Heating, Ventilation and Air Conditioning systems (HVAC) at six major sites. Upgrades will provide energy efficiency gains.

The gas fired boilers at 297 Sherbrook in Winnipeg and at the Steinbach Exchange will be converted to electric service. Conversion will reduce green house gases, increase energy efficiency and eliminate water treatment chemicals and boiler maintenance.

The boiler in the Thompson Exchange will be replaced with a new boiler increasing energy efficiencies.

The Portage la Prairie building upgrade will decommission the cooling tower yielding a reduction in water consumption and eliminate water treatment chemicals.

Fleet services will continue to promote the Driving Fuel Efficiency program as well as review the vehicle specifications to match job requirements with the objective of maximizing fuel-saving opportunities.



Environment Communication Initiative

MTS will increase communications to all employees at MTS who may not be familiar with the environmental issues through the internal publication under the heading of “MTS Green”.

MTS will implement environmental awareness sessions for Network Services planners and engineers to ensure understanding of environmental issues and the impact as they relate to MTS operations.

Get the lead out

In 2003, MTS will trial and initiate programs in the workplace to reduce the amount of lead used in electronic circuit board repair, telephone offices and outside plant construction activities.

This program will benefit employee health and safety programs and enhance our environment commitment.

E-Waste Collection Initiative

MTS will expand the existing internal e-waste recycling system and procedures to include personal electronic equipment such as pagers, cell phones, and batteries.

For information on MTS Environmental programs please contact:

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MTS Human Resources

Wellness, Environment & Disability Management

